



Spirituality in Management from Islamic Perspectives

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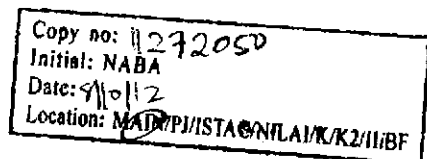
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Contents

About the Editors	Page vii
Preface	viii
Chapter 1 Implications of the <i>Taqwa</i> on Organizational Citizenship Behavior <i>Naail Mohammed Kamil, Mohamed Sulaiman,</i> <i>AAhad M. Osman-Gani and Khaliq Ahmad</i>	1
Chapter 2 Human Resource Management Practices in Islam and Organisational Outcomes <i>Junaidah Hashim</i>	55
Chapter 3 Workplace Spirituality and Human Capital Development from Islamic Perspective <i>AAhad Osman-Gani, Junaidah Hashim and</i> <i>Zaireena Wan Nasir</i>	87
Chapter 4 Spirituality in Business Ethics from an Islamic Perspective <i>Suhaimi Mhd Sarif and Yusof Ismail</i>	154
Chapter 5 Knowledge Sharing in Islam: Implications for Practice in Organisations <i>Zabeda Abdul Hamid</i>	155
Chapter 6 Spirituality in Entrepreneurship from Islamic Perspective <i>Zulkarnain Kedah and Isa Mohammed Adamu</i>	191

Chapter 7	
Lean Management and Islamic Perspective: Convergence in Diversity	231
<i>Noor Hazilah Abd Manaf and Ibrahim Zein</i>	
Chapter 8	
Spirituality in Leadership from Islamic Perspective	251
<i>Lokman Effendi Ramli and AAhad M. Osman-Gani</i>	
Chapter 9	
Management Models from an Islamic Perspective	287
<i>Rodrigue Fontaine</i>	
About the Chapter Authors	317

CHAPTER 2

Human Resource Management Practices in Islam and Organisational Outcomes

Junaidah Hashim

Abstract

This chapter presents Islamic guidelines provided in the Qur'an and Hadith with regard to managing human resources. It discusses the extent to which the Islamic organisations in Malaysia incorporate and practise Islamic approaches in human resource management (HRM) at their organisations, while it examines the effect of such Islamic approach on several organisational outcomes such as organisational commitment, organisational justice, job satisfaction and turnover intention among employees. The implication and future research direction are discussed at the end.

Introduction

Religious influences on HRM practices are imperative but are rarely highlighted in literature. Several studies on the influence of Islam in organisations have been conducted. These studies however focused mostly on Islamic work ethics (Ali & Al-Kazemi, 2007; Yousef, 1999, 2001). In addition, past studies examining the HRM practices in Muslim countries have focused on the Middle East; mainly consisting of Algeria, Egypt, Iran, Kuwait, Oman, Saudi Arabia and Turkey (Al-Enzi, 2002; Al-Hamadi et al., 2007; Budhwar et al., 2002; Budhwar & Mellahi, 2007; Mellahi & Frynas, 2003; Mellahi & Wood, 2004). Only Tayeb (1997) had addressed the issue of Islamic HRM in Asia. The Muslims are not only concentrated in the Middle East, but majority of Muslims are located in countries of Asia, Africa and Europe, and fewer than 15 per cent of Muslims are Arab nationals (Huda, 2009). In fact the largest Muslim population is in Indonesia, followed by Pakistan,

and Bangladesh. On the other hand, Malaysia is the fast developing Muslim majority industrialized country of the world. This chapter is designed to extend earlier research by discussing about Islamic approaches to HRM among the selected Islamic organisations in Malaysia. Moreover, this chapter intends to highlight the influence of an Islamic approach to building organisational commitment and job satisfaction among the employees.

Background of HRM in Malaysia

Malaysian HRM practices, systems, and regulations are largely influenced by the British colonisation experience of the nineteenth century. It is commonly viewed that HRM practices in Malaysia are the artefacts derived from an integration of Western and indigenous HRM practices (Chew, 2005). Chew (2005) categorised Malaysian HRM practices into two mainstreams, namely British-oriented values and ethnic-oriented values (e.g., Malay, Chinese and Indian values). It is found that companies were managed either in more of the British or the indigenous way. The composition of workers is diverse in Malaysia. Although Malaysians comprise different religions, rituals and symbolic expressions, they share common values such as respect for the elderly, collective orientation, harmony, concern for face-saving, relationships, and religious orientation (Selvarajah & Meyer, 2008).

In Malaysia, the adoption of the concept of HRM and its development has been slow and cautious (Cheah-Liaw et al., 2003). Although the role of the HR department and its importance are gradually expanded to broader perspective in many Malaysian firms, the general belief is that the HR department still plays merely an administrative role. However, as reported by Chew (2005), some progressive Malaysian firms that adopt Western HRM practices have recognised the strategic importance of the HR department. This may be contributed by the fact that most HR practitioners in Malaysian firms were trained in the Western school of thought. Multinational organisations operating in Malaysia such as from Japan, the UK, the USA, and Australia have had the benefit of importing HRM policies from their distant head offices. As a result, HRM practices are also diverse. In some cases, the influence of expatriate workforce has important impact on the organisations' HRM policies and practices. In order to succeed, such foreign HRM policies had to be adapted locally. The

diversity of the composition of the modern workforce in Malaysia requires more appropriate and imaginative HRM solutions (Cheah-Liaw et al., 2003).

The recent phenomenon of Islam Hadhari in Malaysia has contributed to the way Malaysian organisations are managed. The Malaysian government has initiated Islamisation in the government prior to 2003, even before the introduction of Islam Hadhari. The Malaysian government's institutionalisation of Islam began as early as 1980s with *Penerapan Nilai-nilai Islam*, a policy guideline for the incorporation of Islamic ethics in the governance. As a result, several Islamic organisations and Muslim-owned organisations in the country started to institutionalise the Islamic values and teachings in their management and practices.

Review of Literature

Characteristics of HRM in Islam

Although, HRM practices in Islam seem similar to the Western HRM, an important difference exists. The underlying principle of Islamic HRM is based on the commands from Allah. Islamic HRM refers to the performing of basic HRM functions (recruitment, selection, performance appraisal, training, and compensation) in accordance to guidelines prescribed in the *Qur'an* and *Hadith* (the sayings of Prophet Muhammad (peace be upon him)). The practices of managing the human resources are because of Allah. For Muslims, Islam is not a man-made institution; the Quran contains the words of god, revealed syllable by syllable to Prophet Mohammed (s.a.w) some 1,400 years ago (Khan, Farooq & Hussain, 2010). The deeds of its adherents are therefore inseparable from divine commandments. The Quran specifically asserts that humans are able to choose and to intervene in their destiny, and that they are held responsible for the consequences of their deeds. Thus, it would be sinful for Muslims if they fail to perform according to these requirements. The managers and the employees are responsible, accountable and answerable not only to their superiors and organisation but also eventually to Almighty God.

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Rodrigue Fontaine is British. He worked in a number of multinationals in Great Britain and France throughout the 1990s. He immigrated to Malaysia in 1999 and started teaching management in a private university. He completed his PhD in cross-cultural management in 2004 and continued working in private universities until 2009. In 2010, he joined the International Islamic University Malaysia. His specialization is Management from an Islamic perspective (MIP), which

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Spirituality in Management from Islamic Perspectives

Organisations are continually searching for methods to improve work environments and workplace relationships. Both academic scholars and employers have recognized that employees are now looking for soul enriching fulfillment at work. Management scholars are taking urgent steps to include spirituality studies in responding to this trend, particularly after the recent episodes of ethical and moral violations through many financial scandals in the corporate world. Spirituality in workplace is now gaining prevalence as a mainstream topic in management theory. Although Spirituality has been studied from several religious perspectives, very little research has been done from Islamic perspectives, and no book or major publication is available that covered the Islamic religious issues which are closely related to spirituality studies. This book, *Spirituality in Management from Islamic Perspective* attempts to fill this gap, and presents the functions, roles, and purposes of spirituality studies based on the learning from the Islamic religious scripture (Holy Qur'an), and teachings of the prophet (Ahadiths). The book covered several major areas of organizational management (e.g., Human Resource Management, Organisational Behavior, Quality Management, Entrepreneurship, Business Ethics, Leadership, Human Capital Development), and discussed the implications of spirituality from Islamic perspectives on these areas. The various chapters of the book presented several conceptual models, which were developed based on extensive reviews of relevant literature. Those conceptual frameworks would help future researchers in designing new research agenda for studying the effects of several independent variables on relevant dependent variables of individual and organizational performance. The conceptual frameworks may also help managers and policy makers to understand the potential impacts that spirituality might have on employee performance, and thereby management could be inspired to nurture and develop employees' spirituality at workplace for enhancing ethical standards, integrity, and commitment to work. Hopefully this book will trigger substantial research interests among the readers for conducting empirical research in future, results from which would provide significant contributions to the contemporary Management literature.

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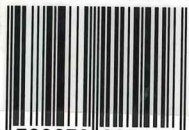
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